International Business Environments and Operations, 13/e

Part 6

Managing International Operations



Chapter 20

Human Resource Manageme nt

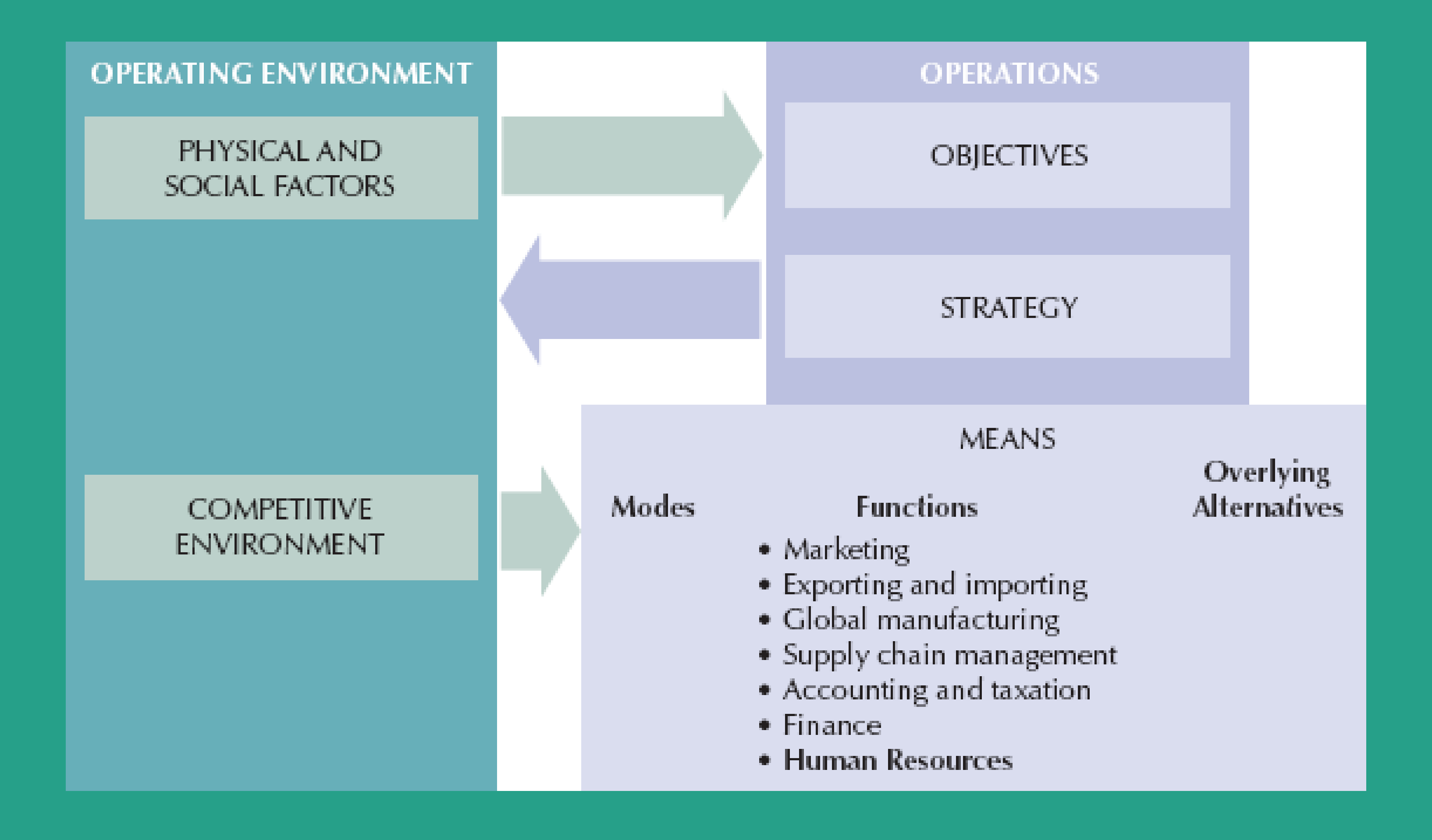
Chapter Objectives

- To discuss the importance of human resource management
- To profile the staffing frameworks used by MNEs
- To explain the types and competencies of expatriates
- To examine how MNEs select, prepare, compensate, and retain expatriates
- To profile MNEs’ relations with organized labor

Human Resource Management

- Human resource management refers to activities that staff the organization.
- HRM and the Global Company
  - HRM is more difficult for the international company than its domestic counterpart due to
    - Environmental differences
    - Organizational challenges

Factors Influencing HRM in International Business



The Strategic Function of International HRM

- Strategizing HRM
- The Perspective of Expatriates
- HRM Frameworks in the MNE

The Perspective of Expatriates

- Trends in Expatriate Assignment
- The Young, The Old, and The Restless
- The Impact of Market Disruption

HRM Frameworks in the MNE

- Three perspectives anchor an MNE’s staffing policy:
  - Ethnocentrism
  - Polycentricism
  - Geocentricism

Managing Expatriates

- Selecting Expatriates
- Expatriate Failure
- Preparing Expatriates
- Compensating Expatriates
- Repatriating Expatriates

Selecting Expatriates

- Technical Competence
- Adaptiveness
  - Self-Maintenance
  - Satisfactory Relationships with Host Nationals
  - Sensitivity to Host Environments
- Leadership Ability

Expatriate Failure

- Costs of Failure
- Preventing Failure
  - Dealing with Adjustment and Stress

Preparing Expatriates

- Focusing on Adaptiveness and Related Characteristics
  - General Country Understanding
  - Cultural Sensitivity
  - Practical Skills
  - Approaches: Specialized Knowledge versus Cultural Sensitivity

Compensating Expatriates

- The Pay-Performance Link
- Types of Compensation Plans
  - Home Based, Headquarter Based, and Host Based Methods
- Complications Posed by Nationality Differences

Key Aspects of Expatriate Compensation

- In designing compensation packages for expatriates, HRM considers the following topics
  - Base Salary
  - Foreign Service Premium
  - Allowances
  - Fringe Benefits
  - Tax Differentials

Repatriating Expatriates

- Returning home from a foreign assignment, the act of repatriation, is fraught with difficulties.
- Readjustment to Home Country Organization
- Changes in Personal Finances
- Readjusting to Life
- Managing Repatriation

International Labor Relations

- How Labor Sees MNEs
- How Labor Responds to the MNE
- Labor's Struggle: Barriers to International Unanimity

Future: Which Countries Will Have the Jobs of the Future?

- Worker populations will grow faster in developing countries
- Wealthier countries will continue to grow in the number of retirees
- Adjustments for developed economies:
  - Nationalism
  - Men versus Machines
  - Brains: Drains, Recycle, or Halt